

## **FISCAL NOTE**

### **SB 1913 - HB 1941**

March 27, 2001

**SUMMARY OF BILL:** Taxes motor vehicles as tangible personal property. The tax would equal 1% of the actual value of the vehicle with a minimum tax of \$25 on each vehicle and is payable annually. Exempts purchasers of new or used passenger motor vehicles from payment of the tax for 12 months from date of such purchase, if the appropriate sales or use tax is paid on the vehicle. Allows the owner of a vehicle on which the tax has been paid who sells or otherwise transfers the vehicle to another during the 12-month period after payment of the tax, a pro-rata credit against any state sales tax due on a replacement vehicle. Requires the Commissioner of Safety to prepare an annual motor vehicle personal property tax statement to be sent to vehicle owners when registration notices are mailed. Beginning July 1, 2002, the Commissioner of Safety may, by regular mail, send notice of suspension of the motor vehicle registration if personal property taxes have not been paid in full within 30 days. Provides procedures for appeal.

#### **ESTIMATED FISCAL IMPACT:**

**Increase State Revenues - Exceeds \$250,000,000**  
**Increase State Expenditures - \$683,289 Recurring**  
**\$600,900 One-Time**

**Increase Local Govt. Expenditures - Exceeds \$100,000**

Estimate assumes the following:

- Approximately 5,250,000 vehicles are registered in the state, of which an estimated 1,000,000 vehicles change registered owners each year and would not be subject to the tax if the appropriate sales tax were paid at the time of transfer. The remaining 4,250,000 vehicles would be assessed the tax under the provisions of the bill.
- An increase in state revenues that exceeds \$250,000,000, based on an estimated tax base of \$25,504,887,500 which is calculated as follows:  
(4,250,000 vehicles x \$6317 average NADA value per vehicle x 95% compliance factor)
- An increase in state expenditures of approximately \$683,289 on a recurring basis and \$600,900 one-time. Estimate includes 12 positions and related expenses in the Department of Safety to administer the bill and one-time cost of an estimated \$500,000 for automated systems development and implementation and furniture and equipment for the additional positions.
- An increase in local government expenditures resulting from hiring additional staff in some counties to handle the collection process.

#### **CERTIFICATION:**

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James A. Davenport, Executive Director

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